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Talking Points for the DCI
25 March 1983

Israel's Lavie Fighter Aircraft Program

Israel has decided to press ahead on the Lavie fighter aircraft despite uncertainty on future funding and procurement of technology. Israel wants to buy the majority of the technology that will go into the Lavie from the US but is having problems obtaining US export licenses.

- Much of the technology is available from non--US sources but is considerably more expensive. For example, composite wing technology is available from British Aerospace, Inc. or Marcel Dassault in France.

The Lavie project already is 18 months behind schedule and R & D costs are rising.

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- The first Lavie prototype probably will fly in early 1986 and series production will begin in 1988 with deliveries commencing in 1990 if the program moves ahead now.
- If Israel has to use European partners to develop the aircraft, these dates could slip by up to two years.
- Israeli Aircraft Industries now estimates that R & D costs of the Lavie will be \$1.5 billion (1982 constant dollars), up from a projected \$1.37 billion last year.
- We believe R & D costs will be considerably higher even if US technology and assistance is made available.
- While the Israeli Government has decided to fund initial R & D costs, we believe Tel Aviv will again approach the US to permit FMS funding to be diverted to the project.

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Once the Lavie goes into series production, the Israeli Air Force probably will buy the majority of them.

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- The Lavie will not be able to compete with US or French manufactured aircraft on the world market since it is, in essence, "today's aircraft tomorrow."

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-- If US-controlled technology is used in its production, Israeli exports likely will be restricted just as with the Kfir where the US vetoed transfers to potential customers such as Taiwan.

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